

# Long Term Care Supports & Services Advisory Commission

## FINANCE WORKGROUP | Meeting Minutes - Monday, June 23, 2008 1:00 p.m. – 3:30 p.m. Capital Commons Center

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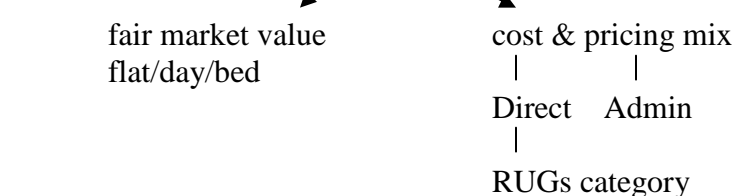
Present: Chris Chesny  
Bea Parker  
Tricia Harney  
Bob Orme  
Caroline Dellenbusch  
Jane Alexander  
Norm DeLisle  
Denise Morrow  
Joanne Bump  
Andy Farmer  
Corey Thurman

### 1. Welcoming and Introduction of Workgroup Members

### 2. Reimbursement

#### a. Case Mix Project HCAM – P. Anderson

- Offshoot of HCAM's reimbursement committee
- Work thus far includes
- Evaluation of the current system – pros and cons being listed
- Review of changes from other states:



- National chains members are contributing their knowledge
  - WI – complicated
  - KY – quality oriented more than financial- had a speaker in
  - Focus on NH level of care not the full array
  - Most split
- In Michigan
    - Financing construction or renovation remains an issue, No incentive to rebuild – difficult to maintain, LTC financing risky even with HUD requires fixed rate loans, no support of conversion of double occupancy to single as the revenue declines
    - Plant is only 8%
    - Class I and Class III facilities reimbursement issue - \$45/day difference
  - Universal assessment tool could transfer to all settings
  - HCAM's goal is to gather enough information so they can knowledgeably work with the state

2. b. Case Mix Model OLTCSS – J. Alexander

- Section 1695 2008 Budget required report to legislature
- August 1 to meet with 3 associations prior – HCAM, MAHSA, MI County Med Care
- Guiding Principles are being developed and include
  - Budget neutral
  - Partnership – with all industry
  - Don't destroy industry or department
- Once guiding principles are set, then go out and find models that meet the principles
- July 31 – LTC Forum present guiding principles 9-12:00
- Need consumer input and other stakeholders
- Contract for unified assessment – with U of M has started

3. Long Term Care Insurance

a. Products and Purchasing – C. Thurman

- National LTC insurance clearing house provides the following data
  - 40% of older than 65 years need LTC
  - Ongoing service and support for a chronic condition (skilled, int., personal)
  - Home, assisted living, adult day, nursing home –\$ 62,405/year average expense
  - To fund most people rely on
    - Liquidate assets
    - Family
    - Government
    - Reverse mortgage
  - Medicaid –covers 46% of costs; and is the payer for 66% Nursing Home residents
  - Assets protected – home, car, life insurance, burial plan
- LTC insurance – preserve assets
  - Reasonably good health; premiums based on age
  - Chronic ill or cognitive impairment kicks in the benefit
- Policies written specify and vary widely on these attributes
  - Benefit period
  - Waiting period
  - Care setting
  - Inflation protection
  - Features/benefits

3. b. Overview of LTC costs – B. Parker

Traditional Premiums:

- 55 years old – 90 day waiting period; high deductible -\$2725/year premium
- 65 years old – 90 day; \$180/day; max. 1 of \$328,500; \$3549/year premium
- 75 years old - \$5904/year premium
- No cash value

Cash only:

- 2 ADL unable
- Check to insured every month based on premiums paid in the past
- 55 years – comprehensive coverage (\$200,000 value) home/NH - \$1273  
30 days then \$3000/mo - \$2700 65 years  
- \$7000 75 years
- No cash value

Asset based:

- all based on financial well-being
- annuity
- legacy
- immediate – 2 ADLs pay now – no waiting
- pension protection act – asset taxed if used for LTC
- subject to tax when drawn upon

3. b. Overview of LTC costs – B. Parker

Study: Genworth Financial

7 areas – National average

• Homemaker - \$18/hr	2% inflation	4 yr.	4%
• HHA - \$19/hr	3%	5 yr.	1%
• HHA - \$38/hr	18%	4 yr.	7%
• Adult Day - \$59/day			
• Facility:			
o A.L. - \$3000/mo	11%	5 yr.	6%
o N.H. semi - \$187/day	4%	5 yr.	4%
o N.H. private - \$209/day	2%	5 yr.	4%

Income for NH qualification higher than home and community-based care. Therefore easier to qualify for NH placement than Home and Community Based care.

4. Workgroup Subgroup Reports for next meeting

- a. Reimbursement Model – D. Mitchell
- b. Estate Recovery – C. Dellenbusch

5. Action List

Next meeting:

- Estate Recovery – in negotiation
- Role of the Commission
  - o Consumer protection considerations
  - o Consumer Ed –
  - o Partnership
    - M/A resources protected through the partnership – future cost projections; true inflation factor 3% vs. 5%
    - Purchased products last – free standing product
  - o How does this fit with partnership?
  - o What is a good product for Michigan to protect M/A?

6. Future Meeting Schedule:

August 25  
October 27  
December 22  
February 23, 2009  
April 27  
June 22  
August 24  
October 26  
December 28

7. Member Comments